

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**BOARD OF ADMINISTRATION**

**INVESTMENT COMMITTEE**

**June 13, 2011**

**Chief Investment Officer's**

**Consolidated Investment Activity Report**

**(April 2011 Reporting Period)**

## CalPERS Asset Allocation – April 30, 2011

### General Market Commentary

The Federal Reserve's April 27<sup>th</sup> announcement that it intends to continue quantitative easing through June as planned means interest rates will remain low for the foreseeable future. This announcement had a positive impact on equity markets. Similarly, favorable first-quarter earnings reports – in which many companies beat Wall Street expectations – added to the overall bounce in stocks. For the first time, the Standard & Poor's credit rating agency lowered its outlook on U.S. government debt to negative, fueling a one-day decline of 1.5% in the S&P500 Index. The markets soon recovered, however, as investors held firm in the belief that Washington will meaningfully address the budget deficit issue. The rally in the equity markets was strong enough to overshadow the fact that quarter-over-quarter GDP growth slowed as personal spending, exports, and government spending all declined noticeably.

### Domestic and International Equities

The S&P 500 index return was up 3.0% for the month. Small-cap stocks, as measured by the Wilshire Small Cap Index, were up 2.7% for the month. Large-cap growth and value stocks saw similar gains in April, returning 2.7% for growth and 3.2% for value (as measured by the Wilshire Large Growth and Value). International equities saw even greater gains, as the MSCI EAFE Index returned 6.0% in dollar terms and (1.9% in local currency). Emerging markets were up at 3.1% in dollar terms (as measured by the MSCI EM Index) during the month.

### Domestic and International Fixed Income

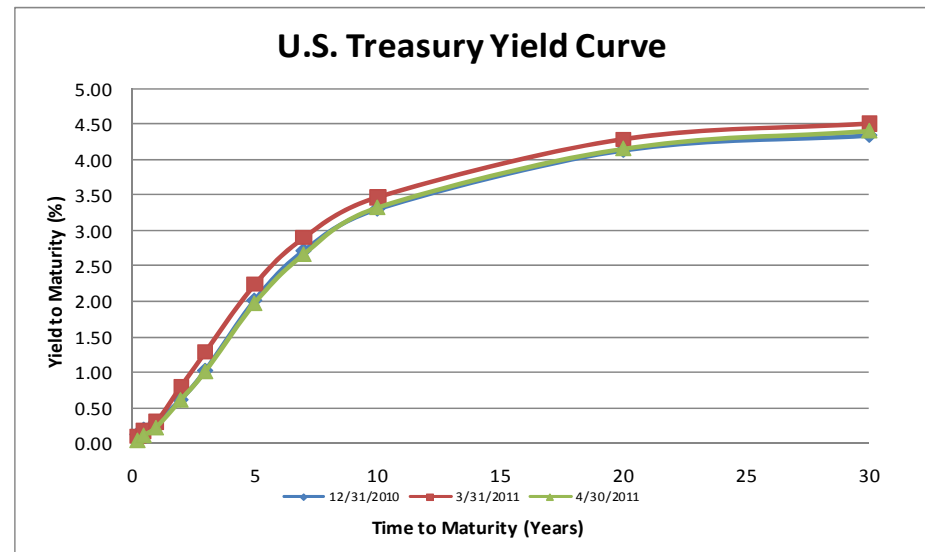
The Barclays Capital Aggregate Bond Index returned 1.3% for April, ahead of the US Treasury return of 1.0% (as measured by BC Intermediate Treasury Index). The BC Long Term Treasury Index returned 1.9% while yields on 30-year Treasury bonds fell to 4.4% from 4.5% the previous month. U.S. TIPS returned 2.5% (BC U.S. TIPS Index) during April. The high yield bond market returned 1.5% during the month, as measured by the Merrill Lynch High Yield Master II Index. International fixed income markets returned 4.0% – as measured by the Citigroup World Government Bond Index ex US – while the dollar was down against the euro, the yen, and the pound.

### Real Estate

Public real estate (as measured by the Wilshire US RESI Index) was positive with a return of 5.9% in April. The NCREIF Index of Real Estate Properties returned 3.4% for the quarter ended March 2011.

### Absolute Return Strategies

Absolute Return Strategies (HFRI Fund of Funds Index) was up 1.3% in April and returned 5.5% for the 12 months ended April 2011.



MARKET INDICATORS	12/31/2010	Direction	3/31/2011	Direction	4/30/2011
1Month LIBOR (fixed in \$)	0.26%	↓	0.24%	↓	0.21%
Federal Funds	0.00%-0.25%	-	0.00%-0.25%	-	0.00%-0.25%
10Y Treasury Note Yield	3.30%	↑	3.47%	↓	3.32%
30Y Treasury Bond Yield	4.34%	↑	4.51%	↓	4.40%
Wilshire 5000 Comp	13,290.00	↑	14,036.40	↑	14,432.20
S&P 500	1,257.64	↑	1,325.83	↑	1,363.61
NASDAQ Composite	2,652.87	↑	2,781.07	↑	2,873.54
FTSE 100 Index	5,899.90	↑	5,908.80	↑	6,069.90
Nikkei 225 Index	10,228.92	↓	9,755.10	↑	9,849.74
Yen/\$ (Dollar Strength)	81.11	↑	82.88	↓	81.140
Euro/\$ (Dollar Strength)	0.745	↓	0.705	↓	0.674
GBP/\$ (Dollar Strength)	0.639	↓	0.624	↓	0.600
Crude Oil per Barrel	\$89.84	↑	\$106.72	↑	\$113.93
Gold (\$/oz Daily Spot)	\$1,405.50	↑	\$1,439.00	↑	\$1,535.50
GS Commodities TR Index	4,943.41	↑	5,515.06	↑	5,758.37

## CalPERS Asset Allocation – April 30, 2011

---

### Summary

- Total Fund Market Value was \$239.2 Billion
- Total Fund Book Value was \$198.7 Billion
- As of April 30, 2011, all asset classes were within their Strategic Target Policy Ranges.

### Book to Market Value Comparison

	Book Value <sup>2</sup> (\$ Billion)	Market Value <sup>3</sup> (\$ Billion)	Difference (Market – Book) (\$ Billion)
Domestic Equity <sup>1</sup>	\$38.7	\$58.6	\$19.9
International Equity	\$58.1	\$69.2	\$11.1
<b>Global Equity</b>	<b>\$96.8</b>	<b>\$127.8</b>	<b>\$31.0</b>
Domestic Fixed Income	\$33.7	\$45.1	\$11.5
International Fixed Income	\$3.2	\$3.6	\$0.3
<b>Global Fixed Income</b>	<b>\$37.0</b>	<b>\$48.7</b>	<b>\$11.7</b>
<b>AIM</b>	<b>\$32.4</b>	<b>\$33.1</b>	<b>\$0.7</b>
<b>Real Estate</b>	<b>\$21.3</b>	<b>\$17.8</b>	<b>\$-3.5</b>
<b>Inflation Linked</b>	<b>\$7.3</b>	<b>\$8.2</b>	<b>\$1.0</b>
<b>Cash Equivalents</b>	<b>\$4.0</b>	<b>\$3.6</b>	<b>\$-0.4</b>
<b>Total Fund</b>	<b>\$198.7</b>	<b>\$239.2</b>	<b>\$40.5</b>

<sup>1</sup> Included is MDP Investment - LM Capital Investment: Total Book Value=**\$3.2 million**, Total Market Value=**\$3.2 million**.

<sup>2</sup> Total value of assets at cost minus liabilities.

<sup>3</sup> Total value of assets at market.

\* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

### Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

## CalPERS Top 20 Company Holdings

Global Equity & Global Fixed Income <sup>2</sup>

Market Values as of 4/30/2011 <sup>1</sup>

		Global Equity <sup>3</sup>			Global Fixed <sup>4</sup> Income	Total	
	Company Name	Internally Managed	Externally Managed	Total Equity	Total Fixed Income	Market Value	% of Total Fund
1	EXXON MOBIL CORP	\$1156.9	\$146.1	\$1303.0	\$0.0	\$1303.0	0.54%
2	GENERAL ELECTRIC CO	\$552.6	\$74.2	\$626.8	\$270.5	\$897.4	0.38%
3	APPLE INC	\$750.0	\$125.9	\$875.9	\$0.0	\$875.9	0.37%
4	AT&T INC	\$499.6	\$45.3	\$544.9	\$181.1	\$726.0	0.30%
5	JPMORGAN CHASE & CO	\$457.1	\$77.1	\$534.2	\$179.0	\$713.2	0.30%
6	HSBC HOLDINGS PLC	\$500.2	\$30.3	\$530.5	\$142.9	\$673.4	0.28%
7	NESTLE SA REG	\$580.6	\$55.0	\$635.5	\$0.0	\$635.5	0.27%
8	MICROSOFT CORP	\$546.8	\$87.4	\$634.2	\$0.0	\$634.2	0.27%
9	CHEVRON CORP	\$566.7	\$59.3	\$626.0	\$0.0	\$626.0	0.26%
10	WELLS FARGO & CO	\$385.4	\$53.5	\$439.0	\$153.0	\$591.9	0.25%
11	INTL BUSINESS MACHINES CORP	\$533.1	\$44.1	\$577.2	\$0.0	\$577.2	0.24%
12	CITIGROUP INC	\$345.7	\$45.1	\$390.8	\$172.1	\$562.9	0.24%
13	BANK OF AMERICA CORP	\$322.8	\$53.3	\$376.2	\$180.1	\$556.3	0.23%
14	PFIZER INC	\$408.3	\$52.1	\$460.5	\$63.3	\$523.7	0.22%
15	JOHNSON & JOHNSON	\$459.7	\$47.9	\$507.6	\$0.0	\$507.6	0.21%
16	PROCTER & GAMBLE CO	\$454.6	\$44.9	\$499.4	\$0.0	\$499.4	0.21%
17	TOTAL SA	\$417.6	\$81.7	\$499.4	\$0.0	\$499.4	0.21%
18	WAL MART STORES INC	\$381.1	\$8.8	\$389.9	\$94.8	\$484.6	0.20%
19	BHP BILLITON LTD	\$450.8	\$19.6	\$470.4	\$0.0	\$470.4	0.20%
20	ORACLE CORP	\$422.3	\$44.3	\$466.6	\$0.0	\$466.6	0.20%

<sup>1</sup> In millions

<sup>2</sup> Only includes Global Equity & Fixed Income assets custodied with master custodian

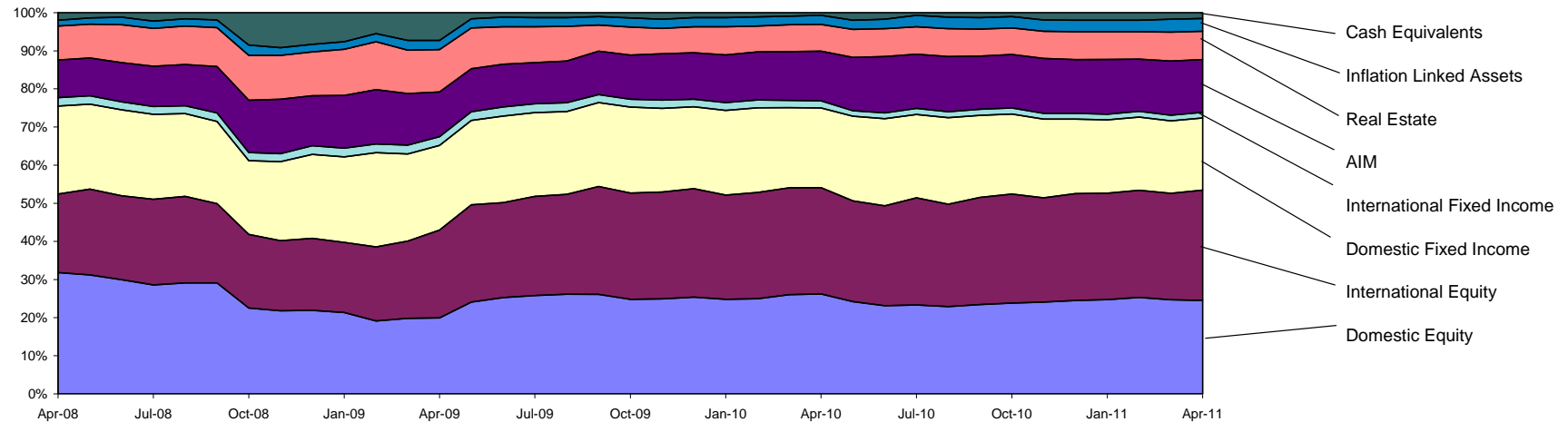
<sup>3</sup> Source for Global Equity values: State Street Bank

<sup>4</sup> Source for Global Fixed Income values: Blackrock Solutions

# CalPERS

## Asset Allocation as of April 30, 2011

Total Fund Market Value: **\$239,158,429,924**



	Global Equity <sup>2</sup>	Domestic Equity <sup>2</sup>	International Equity <sup>2</sup>	Global Fixed	Domestic Fixed	International Fixed	AIM	Real Estate	Inflation Linked	Cash Equivalents <sup>2</sup>	Total Fund
<b>Strategic Target Range %</b>	<b>44-54%</b>			<b>15-25%</b>			<b>9-19%</b>	<b>5-15%</b>	<b>2-5%</b>	<b>0-5%</b>	
Strategic Target %	49.0%	24.5%	24.5%	20.0%	18.0%	2.0%	14.0%	10.0%	5.0%	2.0%	N/A
Actual Investment %	53.4%	24.5%	28.9%	20.4%	18.9%	1.5%	13.8%	7.4%	3.4%	1.5%	N/A
Variance % (Strategic vs. Actual)	4.4%	(0.0%)	4.4%	0.4%	0.9%	(0.5%)	(0.2%)	(2.6%)	(1.6%)	(0.5%)	N/A
Strategic Target \$ <sup>1</sup>	\$117.2	\$58.6	\$58.6	\$47.8	\$43.0	\$4.8	\$33.5	\$23.9	\$12.0	\$4.8	\$239.2
Actual Investment \$ <sup>1</sup>	\$127.8	\$58.6	\$69.2	\$48.7	\$45.1	\$3.6	\$33.1	\$17.8	\$8.2	\$3.6	\$239.2
Variance \$(Strategic vs. Actual) <sup>1</sup>	\$10.6	(\$0.0)	\$10.6	\$0.9	\$2.1	(\$1.2)	(\$0.4)	(\$6.1)	(\$3.7)	(\$1.2)	N/A
% Passive	68.5%	69.4%	67.8%	0.0%	0.0%	0.0%	0.0%	7.5%	0.0%	0.0%	37.2%
% Active	31.5%	30.6%	32.2%	100.0%	100.0%	100.0%	100.0%	92.5%	100.0%	100.0%	62.8%
% Internal	77.8%	79.8%	76.1%	90.5%	97.6%	0.0%	0.0%	7.5%	66.5%	100.0%	64.3%
% External	22.2%	20.2%	23.9%	9.5%	2.4%	100.0%	100.0%	92.5%	33.5%	0.0%	35.7%

\* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

\* When summing amounts on this report, there may be breakage.

\* MDP Venture accounts included in MDP's primary asset class. MDP Fixed and CalPERS Hedge Fund roll to External Domestic Equity.

<sup>1</sup> (\$ Billion)

<sup>2</sup> Equity overlay and lending income funds are included in International Equity, currency overlay funds are included in Cash and the Global Equity Cash Account is included in Domestic Equity and Domestic Fixed Income Transition Account is included in Domestic Fixed Income

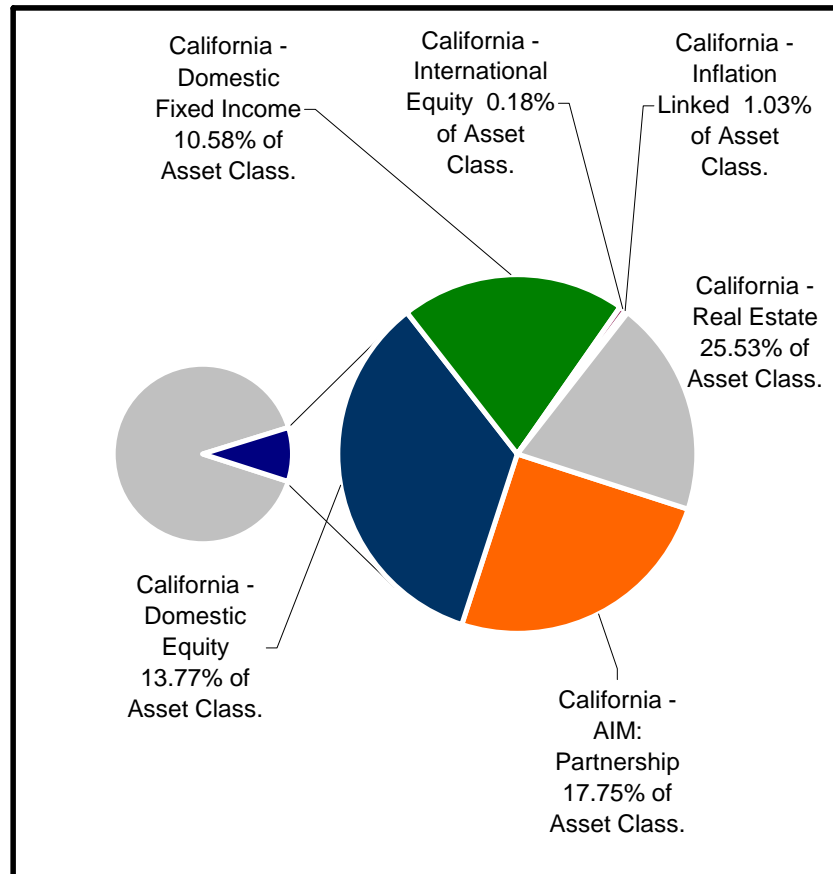
Private Market Commitment as of April 30, 2011							
AIM				Real Estate			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$33.08	13.83%	9-19%	Fair Market Value (FMV)	\$17.81	7.45%	5-15%
Unfunded Commitment	\$15.94	6.66%		Unfunded Commitment (as of 2/28/11)	\$6.31	2.64%	
Fair Market Value plus Unfunded Commitment	\$49.02	20.50%		Fair Market Value plus Unfunded Commitment	\$24.11	10.08%	
Infrastructure				Forestland			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$4.7	0.20%	0-3%	Fair Market Value (FMV)	\$2.29	0.96%	0-2%
Unfunded Commitment (as of 3/31/11)	\$3.8	0.16%		Unfunded Commitment (as of 3/31/11)	\$0.1	0.00%	
Fair Market Value plus Unfunded Commitment	\$8.5	0.36%		Fair Market Value plus Unfunded Commitment	\$2.30	0.96%	

## CalPERS Investments in the State of California – April 30, 2011

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

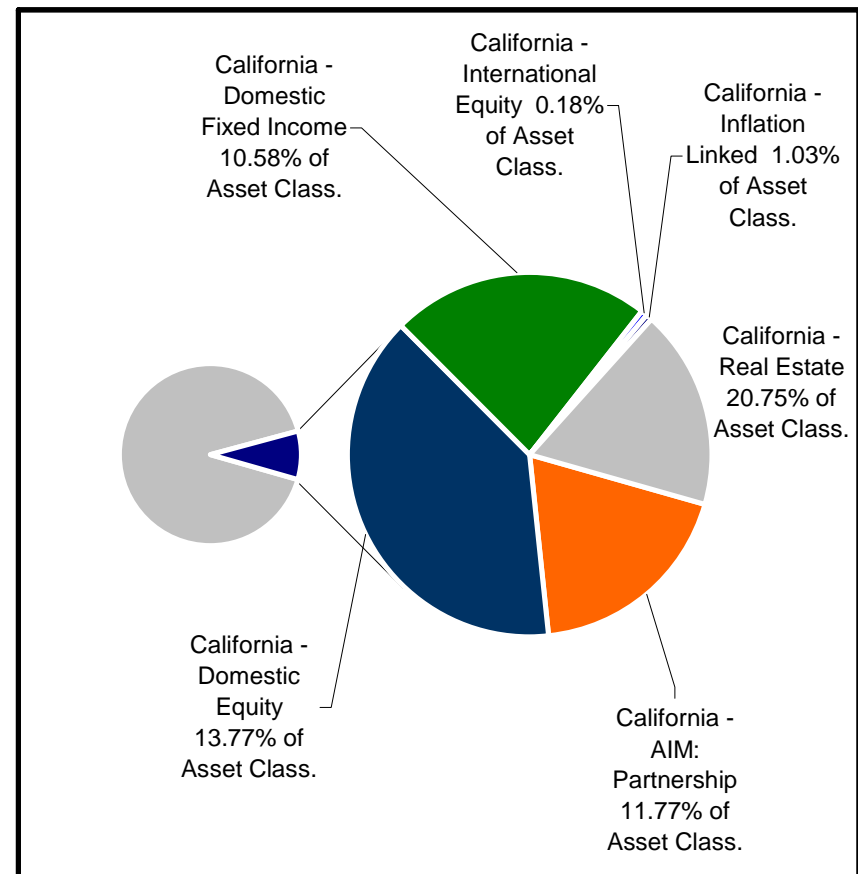
### California Investments plus Additional Commitments

Current California Commitments at 4/30/2011 Total Fund %: 9.81%



### California Investments

Current California Investments at 4/30/2011 Total Fund %: 8.63%

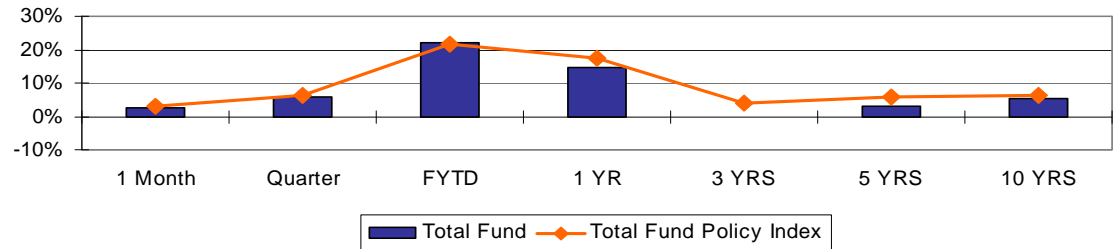


Note: International Equity includes Global Funds that may invest globally, which would include investments in the State of California.

## Performance Summary – April 30, 2011

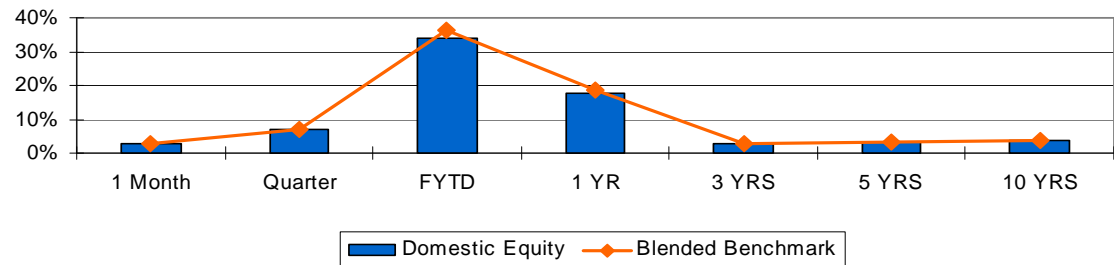
### Total Plan:

Net Total Fund returns have underperformed the actual Weighted Total Fund Index in all time periods except the fiscal-year-to-date period. Ten-year net returns were 5.34% versus 6.27% for the Actual Weighted Index.



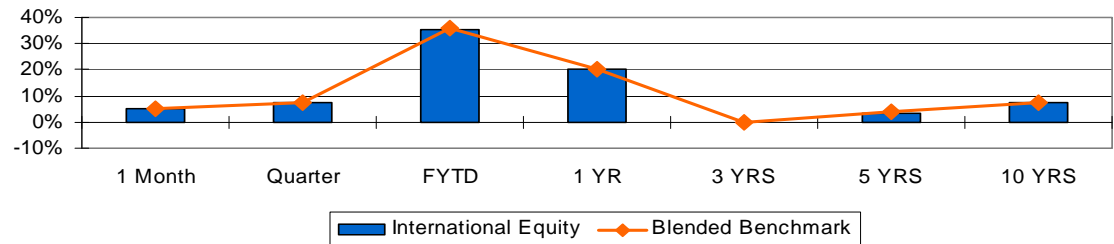
### Domestic Equity:

Net Domestic Equity returns have underperformed the blended benchmark in all time periods except the three-year and ten-year periods. Ten-year net returns were 3.85% versus 3.68% for the blended benchmark.



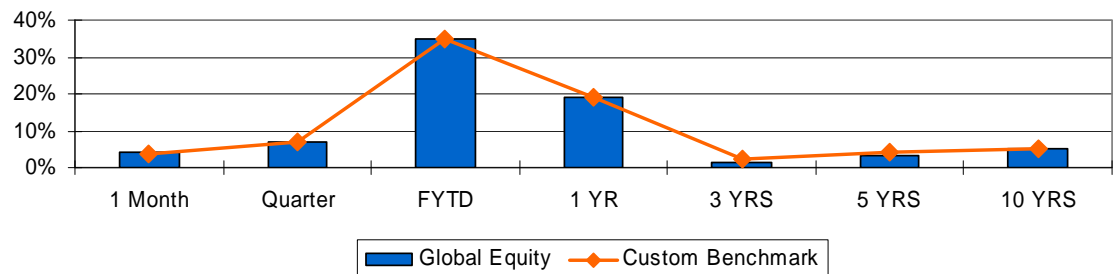
### International Equity:

Net International Equity returns have underperformed the blended benchmark in all time periods except the one-month period. Ten-year net returns were 7.22% versus 7.47% for the blended benchmark.



### Global Equity:

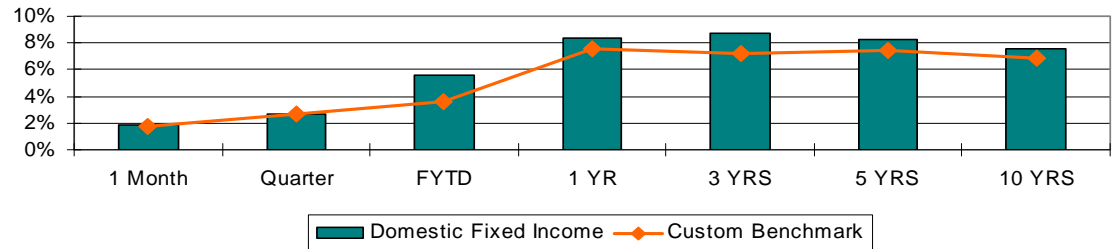
Net Total Global Equity returns have outperformed the benchmark in all time periods except the three-year, five-year and ten-year periods. Ten-year net returns were 4.89% versus 5.15% for the blended benchmark.



## Performance Summary – April 30, 2011

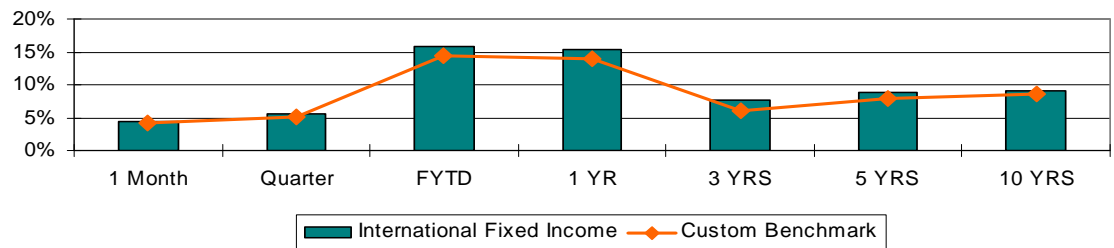
### Domestic Fixed Income:

Net Domestic Fixed Income returns have outperformed the benchmark in all time periods. Ten-year net returns were 7.51% versus 6.83% for the benchmark.



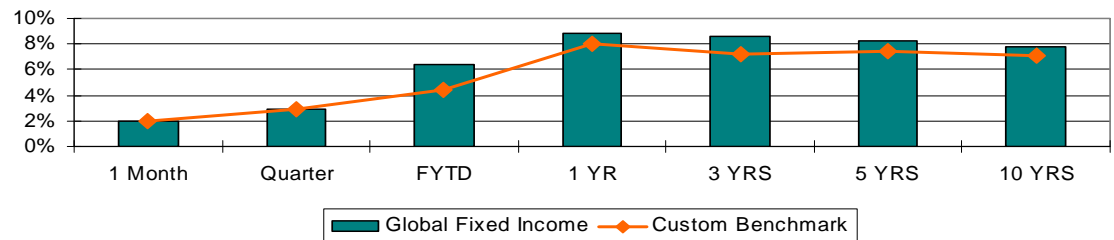
### International Fixed Income:

Net International Fixed Income returns outperformed the benchmark in all time periods. Ten-year net returns were 9.05% versus 8.53% for the benchmark.



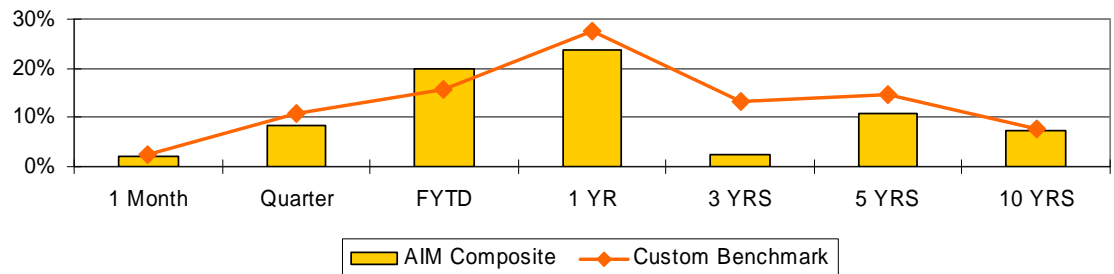
### Global Fixed Income:

Net Global Fixed Income returns have outperformed the benchmark in all time periods. Ten-year net returns were 7.75% versus 7.06% for the benchmark.



### AIM Composite:

Net AIM Composite returns have underperformed the custom blended benchmark in all time periods except the fiscal-year-to-date period. Ten-year net returns were 7.34% versus 7.68% for the benchmark.

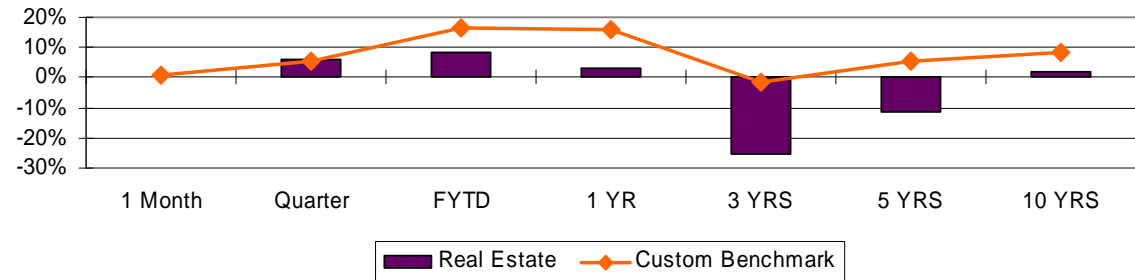




## Performance Summary – April 30, 2011

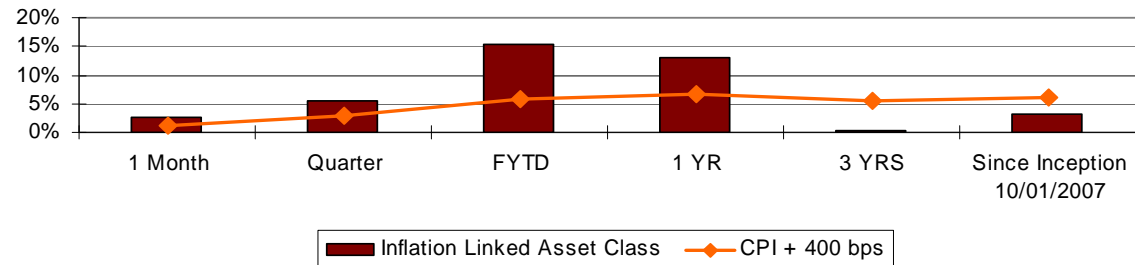
### Real Estate:

Net Total Real Estate returns have underperformed the benchmark in all time periods except the quarter-to-date period. Ten-year net returns were 1.98% versus 8.35% for the benchmark.



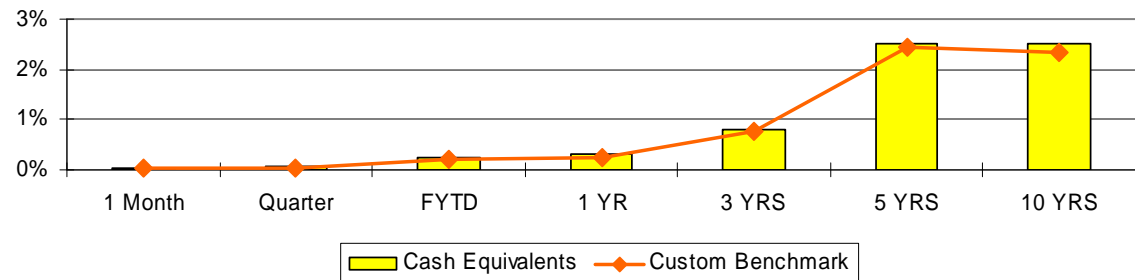
### Inflation Linked Assets:

Net returns for the Inflation Linked Assets portfolio have outperformed the benchmark in all time periods except the three-year and since inception periods. Since inception net returns were 3.23% versus 6.12% for the benchmark.



### Cash Equivalents:

Net returns for the Cash Equivalents portfolio have met or outperformed the benchmark in all time periods. Ten-year net returns were 2.51% versus 2.33% for the custom benchmark.

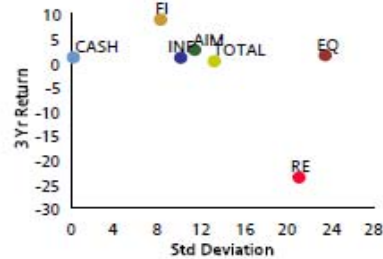


## Plan Performance Summary

### Gross of Manager Fees

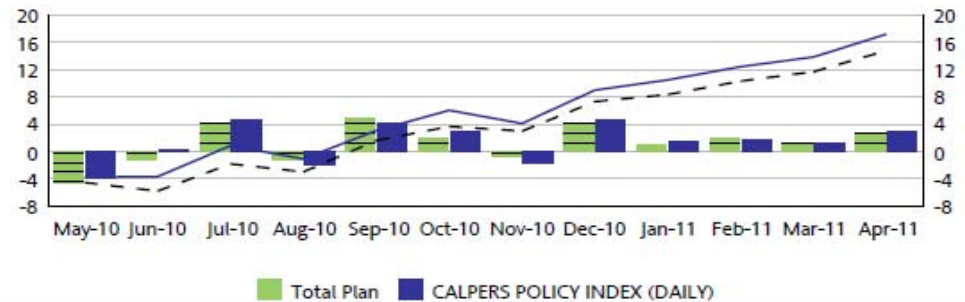


#### Risk Profile



	Information Ratio	Tracking Error
TOTAL FUND	-1.06	3.78
TOTAL GLOBAL EQUITY	-0.75	1.24
TOTAL GLOBAL FIXED INCOME	0.33	4.18
TOTAL AIM	-0.72	15.05
TOTAL REAL ESTATE	-1.31	17.26
TOTAL INFLATION LINKED	-0.49	9.93
TOTAL CASH EQUIVALENTS	2.84	0.02

#### Cumulative Performance vs Benchmark



#### Performance Summary

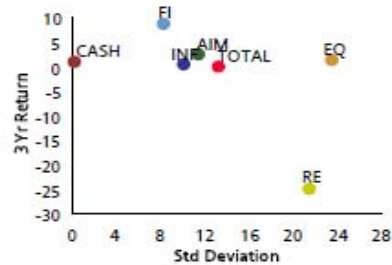
	% of Plan	MKT VAL \$(000's)	1 Month	Quarterly	FYTD	1 Year	3 Year	5 Year	10 Year
TOTAL GLOBAL EQUITY <i>TOTAL GLOBAL EQ EX AIM BENCHMARK (DAILY)</i>	53.4%	127,775,828	3.96 3.93	7.13 6.94	35.00 34.77	19.23 19.08	1.25 2.18	3.29 4.08	4.94 5.15
TOTAL GLOBAL FIXED INCOME <i>CalPERS Total GBL Fixed Income Policy (DAILY)</i>	17.1%	40,812,425	2.02 1.96	2.94 2.85	6.35 4.43	8.80 8.06	8.57 7.18	8.32 7.50	7.76 7.06
TOTAL AIM <i>WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU</i>	13.8%	33,083,210	1.99 2.48	8.41 10.65	19.93 15.60	23.67 27.50	2.36 13.21	10.75 14.59	7.35 7.68
TOTAL REAL ESTATE <i>90% NPI+200 BPS / 10% FTSE EP</i>	7.4%	17,805,967	0.36 0.65	6.67 5.33	10.02 16.24	4.61 16.18	-23.91 -1.28	-9.47 5.38	4.53 8.35
TOTAL INFLATION LINKED <i>CPI+400 BPS 1 MONTH LAGGED</i>	3.4%	8,227,958	2.72 1.30	5.76 2.95	16.01 5.82	13.73 6.78	0.74 5.59		
TOTAL CASH EQUIVALENTS <i>PERS CUSTOM STIF NET OF FEES (DAILY)</i>	1.7%	4,009,573	0.02 0.02	0.07 0.05	0.25 0.22	0.30 0.25	0.80 0.76	2.50 2.44	2.51 2.33
OVERLAY + ASSET ALLOC TRANSITION	3.1%	7,443,470							
TOTAL FUND <i>CALPERS POLICY INDEX (DAILY)</i>	100.0%	239,158,430	2.77 2.96	6.01 6.09	22.08 21.73	14.99 17.22	0.01 4.01	3.44 5.75	5.57 6.27

## Plan Performance Summary

### Net of Manager Fees



#### Risk Profile



	Information Ratio	Tracking Error
TOTAL FUND	-1.10	3.81
TOTAL GLOBAL EQUITY	-0.79	1.25
TOTAL GLOBAL FIXED INCOME	0.33	4.18
TOTAL AIM	-0.72	15.05
TOTAL REAL ESTATE	-1.34	17.71
TOTAL INFLATION LINKED	-0.53	9.89
TOTAL CASH EQUIVALENTS	2.84	0.02

#### Cumulative Performance vs Benchmark



#### Performance Summary

	% of Plan	MKT VAL \$(000's)	1 Month	Quarterly	FYTD	1 Year	3 Year	5 Year	10 Year
TOTAL GLOBAL EQUITY	53.4%	127,775,828	3.96	7.11	34.92	19.15	1.19	3.23	4.89
TOTAL GLOBAL EQ EX AIM BENCHMARK (DAILY)			3.93	6.94	34.77	19.08	2.18	4.08	5.15
TOTAL GLOBAL FIXED INCOME	17.1%	40,812,425	2.02	2.94	6.34	8.79	8.56	8.31	7.75
CalPERS Total GBL Fixed Income Policy (DAILY)			1.96	2.85	4.43	8.06	7.18	7.50	7.06
TOTAL AIM	13.8%	33,083,210	1.99	8.41	19.92	23.66	2.36	10.75	7.34
WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU			2.48	10.65	15.60	27.50	13.21	14.59	7.68
TOTAL REAL ESTATE	7.4%	17,805,967	0.36	6.03	8.57	2.91	-25.09	-11.29	1.98
90% NPI+200 BPS / 10% FTSE EP			0.65	5.33	16.24	16.18	-1.28	5.38	8.35
TOTAL INFLATION LINKED	3.4%	8,227,958	2.72	5.45	15.50	13.10	0.33		
CPI+400 BPS 1 MONTH LAGGED			1.30	2.95	5.82	6.78	5.59		
TOTAL CASH EQUIVALENTS	1.7%	4,009,573	0.02	0.07	0.25	0.30	0.80	2.50	2.51
PERS CUSTOM STIF NET OF FEES (DAILY)			0.02	0.05	0.22	0.25	0.76	2.44	2.33
OVERLAY + ASSET ALLOC TRANSITION	3.1%	7,443,470							
TOTAL FUND	100.0%	239,158,430	2.76	5.94	21.90	14.79	-0.17	3.22	5.34
CALPERS POLICY INDEX (DAILY)			2.96	6.09	21.73	17.22	4.01	5.75	6.27

## Operations/Policy Violations/Activity Reports/Placement Agent Fees

---

### Closed Session Transactions

---

- There were two closed session transaction reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

### Investment Policy Violations

---

- According to policy requirements, the following is a summary of investment policy violations extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

### Global Equity, AIM, Cash Equivalents, Supplemental Income Plans, Real Estate

Report Containing Violation	Violation Description
No items to report	

### Fixed Income

Report Containing Violation	Violation Description
Securities Lending Earnings	<p>Five Asset Backed Securities from two issuers and two Structured Investment Vehicles (SIV's) with credit quality policy violations carried over into the first quarter of the calendar year. These securities were purchased by external managers and downgraded by Fitch, Moody's and S&amp;P in prior periods.</p> <p>Staff expects the remaining five Asset Backed Securities to pay down over the next 12 to 15 months. The SIV's are currently under review and Staff is working to maximize value and will continue to update the Board accordingly.</p>

### Items Completed Under Delegated Authority

---

- According to policy requirements, the following is a summary of items completed under delegated authority extracted from the reports prepared for Investment Committee consideration. Full reports are available in the Supplemental Reporting Document.

### Real Estate, Risk Managed Absolute Return Strategies, Corporate Governance, ILAC, AIM

Investment	Commitment
No items to report	

## Operations/Policy Violations/Activity Reports/Placement Agent Fees

### Activity Reports

- Staff prepares activity reports for the AIM, Real Estate, Risk Managed Absolute Return Strategies, Corporate Governance and Inflation Linked Asset Class Programs. Detailed reports and investment summaries for these programs are included in the supplemental reporting document.

#### AIM Activity Report

Activity	Month	2008	2009	2010	2011YTD	Since Inception
Investment Proposals Entered	15	349	295	333	111	8,355
Declined/Referred/Failed to Materialize	20	339	245	353	115	6,819
Deals in Screening	58	349	295	333	111	5,340
Due Diligence Reviews	6	31	12	12	16	825

#### Real Estate Investments Activity Report:

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception *
Investment Proposals Entered	17	N/A	138	23	136	48	345
Declined/Referred/Failed to Materialize	0	N/A	120	29	122	24	295
Deals in Screening	41	N/A	24	33	76	65	198
Due Diligence Reviews	2	N/A	3	0	0	2	5
* As of January 2, 2008							

#### Risk Managed Absolute Return Strategies Program Activity Report

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception
Investment Proposals Entered	10	90	118	66	20	37	957
Declined/Referred/Failed to Materialize	0	0	0	0	18	0	261
Deals in Screening	10	90	118	66	8	37	690
Due Diligence Reviews	10	90	118	66	8	37	690
Allocations Approved by RMARS Board	0	66	31	0	11	0	217
New ARD Funds Approved by RMARS Board	0	8	3	0	2	0	46
Funded Investments (\$ Millions)	\$0	\$2,499	\$1,089	\$0	\$510	\$0	\$7,399

#### Corporate Governance Activity Report

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception *
Investment Proposals Entered	0	N/A	7	1	1	0	9
Declined/Referred/Failed to Materialize	0	N/A	6	13	11	0	30
Deals in Screening	N/A	N/A	N/A	N/A	0	0	0
Due Diligence Reviews	0	N/A	13	14	12	0	39
* As of April 1, 2008							

## Operations/Policy Violations/Activity Reports/Placement Agent Fees

### Activity Reports (cont.)

#### Inflation Linked Asset Class Activity Report - Infrastructure

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception
Investment Proposals Entered	10	12	57	52	105	30	256
Declined/Referred/Failed to Materialize	7	N/A	11	58	113	47	229
Deals in Screening	27	12	57	52	105	30	256
Due Diligence Reviews	0	N/A	0	4	2	0	6

#### Inflation Linked Asset Class Activity Report - Forestland

Activity	Month	2007	2008	2009	2010	2011 YTD	Since Inception
Investment Proposals Entered	0	N/A	9	5	7	2	23
Declined/Referred/Failed to Materialize	0	N/A	7	6	6	0	19
Deals in Screening	2	N/A	9	5	7	2	23
Due Diligence Reviews	0	N/A	1	0	0	0	1

### Disclosure of Placement Agent Fees

Asset Class	Firm Name	Fund	Placement Agent Firm	Estimated Placement Agent Compensation	Disclosure Type
AIM	Riverwood Capital Management	Riverwood Capital Partners, LP	Park Hill, LLC		Amendment <sup>1</sup>

<sup>1</sup> – The amendment does not benefit the placement agent.

## Quarterly/Annual Reports

---

According to policy requirements, the following is summary information extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

### Securities Lending Earnings Quarterly Report:

Earnings for the quarter ended March 31, 2011, are presented to the Investment Committee for information.

	Average Lendable Assets (\$000)	Average % on Loan	Earnings on Avg. on Loan (Annualized)	Income to CalPERS (\$000)
<b>Asset Class Earnings</b>				
Global Equities	\$100,084,654	9%	79 bp	\$17,452
Global Fixed Income	\$34,742,752	20%	6 bp	\$969
<b>Total Program Earnings</b>	\$134,827,406			\$18,421
<b>Unrealized gain on internal collateral reinvestment</b>				\$29,297 *
<b>Total Program Earnings including unrealized gain</b>				\$47,719

\*Unrealized gains resulted from CalPERS use of mark-to-market accounting on the valuation of the internal cash pool, which is not market convention on collateral reinvestment pools.

### Policy Violations:

Our external cash collateral pool did not experience any policy violations during the fourth quarter of the calendar year.

### Carry Over Violations:

Five Asset Backed Securities from two issuers and two Structured Investment Vehicles (SIV's) with credit quality policy violations carried over into the first quarter of the calendar year. These securities were purchased by external managers and downgraded by Fitch, Moody's and S&P in prior periods.

Staff expects the remaining five Asset Backed Securities to pay down over the next 12 to 15 months. The SIV's are currently under review and Staff is working to maximize value and will continue to update the Board accordingly.

## Quarterly/Annual Reports

---

### AIM Public Sector Outsourcing Policy Update Annual Report:

At its December 13, 2004 meeting, the Investment Committee approved the Policy for Restricting AIM Investments in Public Sector Outsourcers (Policy). The objective of this Policy is to restrict private equity investments in entities that are likely to outsource (or privatize) U.S., state, and local public sector jobs.

The Policy requires staff to update the Investment Committee on the impact and effectiveness of the Policy.

#### Results, Effectiveness, and Impact

To date, there have been no adverse impacts on AIM's investment opportunities or issues associated with compliance as a result of implementing the Policy.

AIM's prospective general partners are required to sign a written agreement that compels them to make a good faith effort to comply with the Policy restricting investments in Outsourcers. If the general partner does not agree to sign the written agreement, staff cannot approve an investment in the fund. However, staff can recommend the potential investment to the Investment Committee if the investment is deemed appropriate based on all the circumstances. Since the Policy was implemented, there has not been a fund whose general partner was unwilling to sign the written agreement.

As part of the due diligence for each new investment, staff and its consultants evaluate the general partner's track record to see if there is a history of investing in Outsourcers as defined in the Policy. Since the implementation of the Policy, none of the funds which have been through the due diligence process have been deemed to have a history of investing in Outsourcers.

The Policy allows general partners to request a waiver for a company that would otherwise be deemed an Outsourcer by making a written request to staff. CalPERS has not received any such requests. Staff's experience implementing the Policy suggests the private equity market has accepted the Policy.



## Investment Transactions

---

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

### **Portfolio Summary and Transactions Report:**

- Purchases (Page 19)
- Sales (Page 20)
- Currency Hedge Portfolio Summary (Page 21)
- Currency Hedge Portfolio Transactions (Page 21)

### **Investment Transaction Information:** (full reporting is available in the supplemental reporting document)

- Domestic Fixed Income Transactions
- International Fixed Income Transactions
- Domestic Equity Transactions
- International Equity Transactions
- Real Estate Investment Trust (REIT) Transactions
- AIM Program Transactions
  - Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Items Completed Under Delegation of Authority
  - Investment Summaries
    - No Items to Report
- Real Estate Equity Transactions
  - Summary Listing of Investments and Redemptions
- Real Estate Program Items Completed Under Delegation of Authority
  - Investment Summaries
    - No Items to Report
- Risk Managed Absolute Return Strategies Program Transactions
  - Summary Listing of Investments and Redemptions
    - No Items to Report
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
  - Dispositions Summaries
    - No items to report
  - Acquisitions Summaries
    - No items to report
- Inflation Linked Assets Transactions
  - Summary Listing of Investments and Redemptions
- Inflation Linked Assets Items Completed Under Delegation of Authority
  - Investment Summaries
    - No Items to Report

## Investment Transactions

---

### **Investment Transaction Information (continued):** [\(full reporting is available in the supplemental reporting document\)](#)

- Corporate Governance Program Items Completed Under Delegation of Authority
  - Investment Summaries
    - No items to report
- Manager Development Program – Private Markets Transactions
  - Summary Listing of Investments and Redemptions
- Internally Managed Derivative Transactions Summary
  - Investment Summaries
    - Futures purchases: \$1,434.5 million notional
    - Futures sales: \$923.0 million notional
    - Swaps: \$0.0 million notional

## Portfolio Transactions Summary

---

### INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

April 2011

#### PURCHASES

	<u>COST</u>	<u>%OF PURCHASES</u>
<b><u>EQUITIES:</u></b>		
Domestic	\$867.1	5.01%
International	<u>\$2,101.5</u>	<u>12.15%</u>
Total	\$2,968.6	17.17%
<b><u>FIXED INCOME:</u></b>		
Domestic	\$10,786.3	62.38%
International	<u>\$2,663.5</u>	<u>15.40%</u>
Total	\$13,449.8	77.78%
<b><u>ALTERNATIVE INVESTMENTS:</u></b>		
Partnership Component	\$393.7	2.28%
<b><u>REAL ESTATE:</u></b>		
Real Estate Equity	\$377.7	2.18%
<b><u>INFLATION LINKED ASSETS:</u></b>		
Inflation Linked	\$102.6	0.59%
<b>TOTAL PURCHASES:</b>	<u><u>\$17,292.4</u></u>	<u><u>100%</u></u>

## Portfolio Transactions Summary

---

### INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

March 2011

#### SALES

	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ (LOSS)</u>
<b><u>EQUITIES:</u></b>			
Domestic	\$915.8	\$1,106.8	\$191.0
International	<u>\$1,729.5</u>	<u>\$1,960.3</u>	<u>\$230.8</u>
Total	\$2,645.3	\$3,067.1	421.8
<b><u>FIXED INCOME:</u></b>			
Domestic	\$3,800.3	\$3,829.7	\$29.4
International	<u>\$294.8</u>	<u>\$302.8</u>	<u>\$8.0</u>
Total	\$4,095.1	\$4,132.5	\$37.4
<b><u>ALTERNATIVE INVESTMENTS:</u></b>			
Partnership Component	\$931.1	\$931.1	\$0.0
<b><u>REAL ESTATE:</u></b>			
Real Estate Equity	\$127.6	\$127.7	\$0.1
<b><u>INFLATION LINKED ASSETS:</u></b>			
Inflation Linked	\$128.2	\$128.1	(\$0.1)
<b>TOTAL SALES:</b>	<u><u>\$7,927.3</u></u>	<u><u>\$8,386.5</u></u>	<u><u>\$459.2</u></u>

## Portfolio Transactions Summary

---

### CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

April 2011

<b><u>PENDING FX CONTRACTS</u></b>	<b><u>COST</u></b>	<b><u>MARKET VALUE</u></b>
Total FX Purchased	\$10,724.6	\$11,072.9
Total FX Sold	\$17,131.7	\$17,888.1
<b><u>CURRENCY OPTIONS</u></b>		
Currency Puts	(\$155.2)	(\$155.2)

"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

### CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

April 2011

<b><u>PURCHASES</u></b>	<b><u>COST</u></b>
Pending FX Contracts	\$9,228.8
<b><u>SALES</u></b>	
Pending FX Contracts	\$8,200.1

## Affiliate Funds Reports

State Street Bank has compiled the following Affiliate Funds Performance Reports for the periods ending April 30, 2011. [\(full reporting is available in the supplemental reporting document\)](#)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
Period Ending: Apr 30, 2011

### Plan Performance Summary *Gross of Manager Fees*



#### Affiliate Funds - Plan Comparison

	MKT VAL \$(000's)	1 Month	Quarterly	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
CALPERS CERBT FUND <i>CERBT POLICY INDEX</i>	1,781,167	3.63 3.61	5.82 5.79	27.87 27.67	7.80 7.64	16.59 16.71	2.56 2.50		
CALPERS HEALTH CARE BOND FUND <i>BC AGGREGATE (DAILY)</i>	450,505	1.25 1.27	1.73 1.58	4.10 2.86	2.12 1.70	5.72 5.36	6.01 5.81	6.33	5.74
COMP-JUDGES RETIREMENT FUND <i>91 DAY TREASURY BILL (DAILY)</i>	48,837	0.02 0.02	0.05 0.06	0.22 0.15	0.08 0.07	0.26 0.17	0.76 0.49	2.43 2.16	2.34 2.19
JRS II TOTAL PLAN <i>CAL JRS II POLICY INDEX</i>	562,134	3.28 3.27	5.33 5.29	23.83 23.41	6.94 6.68	15.09 15.21	3.18 3.28	4.77 4.83	5.27 5.60
LRS TOTAL PLAN <i>CAL LRS POLICY INDEX (DAILY)</i>	125,529	2.62 2.58	4.48 4.42	16.71 15.86	5.64 5.28	12.27 12.13	5.56 5.05	6.27 5.95	5.79 6.11
LTC TOTAL PLAN <i>CAL LONG TERM CARE POLICY INDEX (DAILY)</i>	3,301,059	3.07 3.03	5.10 5.03	22.04 21.39	6.74 6.46	14.60 14.46	4.49 4.35	5.60 5.48	5.45 5.65
COMP-CONTINGENCY RESERVE FUND <i>91 DAY TREASURY BILL (DAILY)</i>	6,107	0.02 0.02	0.05 0.06	0.22 0.15	0.08 0.07	0.25 0.17	0.76 0.49	2.44 2.16	2.35 2.19

## Affiliate Funds Reports

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
Period Ending: Apr 30, 2011

### Plan Performance Summary Net of Manager Fees



#### Affiliate Funds - Plan Comparison

	MKT VAL \$(000's)	1 Month	Quarterly	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
CALPERS CERBT FUND <i>CERBT POLICY INDEX</i>	1,781,167	3.63 3.61	5.82 5.79	27.87 27.67	7.80 7.64	16.59 16.71	2.56 2.50		
CALPERS HEALTH CARE BOND FUND <i>BC AGGREGATE (DAILY)</i>	450,505	1.25 1.27	1.73 1.58	4.10 2.86	2.12 1.70	5.72 5.36	6.01 5.81	6.33	5.74
COMP-JUDGES RETIREMENT FUND <i>91 DAY TREASURY BILL (DAILY)</i>	48,837	0.02 0.02	0.05 0.06	0.22 0.15	0.08 0.07	0.26 0.17	0.76 0.49	2.43 2.16	2.34 2.19
JRS II TOTAL PLAN <i>CAL JRS II POLICY INDEX</i>	562,134	3.28 3.27	5.33 5.29	23.83 23.41	6.94 6.68	15.09 15.21	3.18 3.28	4.77 4.83	5.27 5.60
LRS TOTAL PLAN <i>CAL LRS POLICY INDEX (DAILY)</i>	125,529	2.62 2.58	4.48 4.42	16.71 15.86	5.64 5.28	12.27 12.13	5.56 5.05	6.27 5.95	5.79 6.11
LTC TOTAL PLAN <i>CAL LONG TERM CARE POLICY INDEX (DAILY)</i>	3,301,059	3.07 3.03	5.10 5.03	22.04 21.39	6.74 6.46	14.60 14.46	4.49 4.35	5.60 5.48	5.45 5.65
COMP-CONTINGENCY RESERVE FUND <i>91 DAY TREASURY BILL (DAILY)</i>	6,107	0.02 0.02	0.05 0.06	0.22 0.15	0.08 0.07	0.25 0.17	0.76 0.49	2.44 2.16	2.35 2.19